

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

<b>IN RE: PMC BID FOR GUAM</b>	)	<b>GWA DOCKET 13-02</b>
<b>WATERWORKS</b>	)	
<b>AUTHORITY'S WASTEWATER</b>	)	
<b>COLLECTION SYSTEM</b>	)	<b>ORDER</b>
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**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the June 6, 2013 Petition for Approval of GWA’s Proposed Wastewater Collection System Performance Management Contract Bid, filed by the Guam Waterworks Authority (“GWA”). In its petition, GWA sought the approval of the PUC to issue a bid for a PMC to manage and operate GWA’s wastewater collection system.

**DETERMINATIONS**

Pursuant to 12 G.C.A. §12004, GWA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s express approval. Additionally, pursuant to GWA’s Contract Review Protocol issued in Administrative Docket 00-04, “[a]ll professional service procurements in excess of \$1,000,000” require “prior PUC approval under 12 G.C.A. §12004, which shall be obtained before the procurement process is begun . . . .”<sup>1</sup> With respect to “multi-year contracts,” “[t]he test to determine whether a procurement exceeds the \$1,000,000 threshold for PUC review and approval (the review threshold) is the total estimated cost of the procurement, including cost incurred in any renewal options.”<sup>2</sup>

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<sup>1</sup> GWA’s Contract Review Protocol (“GWA CRP”), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

<sup>2</sup> GWA CRP, p. 4.

On June 21, 2013, the Administrative Law Judge of the PUC (the “ALJ”) filed an ALJ Report detailing his review of GWA’s request to issue an IFB for PMC services related to GWA’s wastewater collection system. In the Report, the ALJ found that a PMC for the entire wastewater system was no longer necessary due to GWA’s representations that GWA has improved its ability to operate and manage its wastewater treatment plants. In addition, the ALJ further found, based on GWA’s admission, that while GWA’s operations have improved, its “technical and administrative skill levels have not reached a sufficiently high level to operate totally independent of the additional skills provided by a PMC”<sup>3</sup>; and that GWA still needed assistance to implement the requirements of the Amended Stipulated Order.<sup>4</sup>

Based on the draft IFB documents submitted by GWA, the ALJ found that the proposed scope of work indicated in the IFB documents were reasonable under the circumstances. The ALJ, therefore, concluded that GWA’s use of a PMC to assist with completing deadlines under the Amended Stipulated Order was a reasonable use of funding. However, the ALJ advised GWA to continue reducing its reliance on PMCs, and to proactively utilize the expertise of the PMC to educate and train its workforce.

With respect to GWA’s cost-benefit analysis, the ALJ found that the PMC would likely result in a savings for GWA based on GWA’s representations: that by reducing the PMC’s focus to the collection system only, GWA would “save

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<sup>3</sup> GWA’s Petition for Approval of GWA’s Proposed Wastewater Collection System Performance Management Contract Bid (“Petition”), Exhibit A (“New Performance Management Contract for the Guam Waterworks Authority Wastewater Collection System”), GWA Docket 13-02, p. 2 (June 6, 2013).

<sup>4</sup> Consolidated Commission on Utilities’ Resolution No. 29-FY2013, p. 1 (May 28, 2013).

\$500,000 to \$600,000 dollars in management fees annually versus a PMC which manages the entire wastewater system,”<sup>5</sup> in addition to other added values a PMC would provide, such as: assistance in developing certified personnel; developing succession plans for critical positions; development of maintenance programs for its wastewater facilities; development of operation and maintenance manuals and SOPs; and assistance in procurement and implementation of system improvements, among others.<sup>6</sup> Accordingly, the ALJ found that the cost estimate for the PMC was reasonable under the circumstances.

The Commission hereby adopts the findings contained in the June 21, 2013 ALJ Report and, therefore, issues the following:

#### **ORDERING PROVISIONS**

Upon careful consideration of the record herein, the June 21, 2013 ALJ Report, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

1. GWA’s June 6, 2013 Petition for Approval of GWA’s Proposed Wastewater Collection System Performance Management Contract Bid is hereby approved. GWA is therefore authorized to proceed with issuance of an IFB related to a performance management contract for the management and operation of GWA’s wastewater collection system.

2. GWA is ordered to pay the Commission’s regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and

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<sup>5</sup> Petition, Exhibit A, p. 1.

<sup>6</sup> Petition, Exhibit A, pp. 2-3.

expenses associated with the instant contract review. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§12002(b), 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

**SO ORDERED** this 25<sup>th</sup> day of June, 2013.

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**JEFFREY C. JOHNSON**  
Chairman

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**JOSEPH M. MCDONALD**  
Commissioner

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**ROWENA E. PEREZ**  
Commissioner

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**FILOMENA CANTORIA**  
Commissioner

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**MICHAEL A. PANGELINAN**  
Commissioner

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**PETER MONTINOLA**  
Commissioner

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